CUSTOMER ASSESSMENT OF COMPUTER SERVICES SUPPLIERS

INPUT

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Planning Services for Management

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CUSTOMER ASSESSMENT OF
COMPUTER SERVICES SUPPLIERS

UK FINANCIAL SERVICES SECTOR

A MARKET SURVEY FOR
CAP GROUP PLC

FROM

INPUT - EUROPE

JANUARY 1988

INPUT Ltd
41 Dover Street
London W1X 3RB

1 INTRODUCTION

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CUSTOMER ASSESSMENT OF COMPUTER SERVICES SUPPLIERS

A MARKET FOR CAP GROUP PLC

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CUSTOMER ASSESSMENT OF COMPUTER SERVICES SUPPLIERS

A MARKET SURVEY FOR CAP GROUP PLC

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A OBJECTIVE

The objective of this study is to provide the senior management of CAP GROUP PLC with an independent assessment of the perceptions of senior decision makers within the financial services sector with regard to their usage and attitude towards suppliers of computer services.

Specifically, this study will provide insights into customer requirements and perceptions of supplier capability in the following areas:

- Major Systems Development
- Facilities Management
- Applications Software Products
- Marketing Skills and Market Presence
- Overall Quality

In particular, this study will evaluate perceptions of the CAP Group in comparison with other leading computer services suppliers such as Logica, BIS, System Designers, Hoskyns, etc.

In addition, this study will also provide insights on key trends, issues, approaches and attitudes towards the implementation of information systems in the financial services sector.

B SCOPE

The study was restricted to the banking and financial services sector of the UK. Organisations that are included in this market sector are:

- Merchant Banks
- Retail Banks
- Overseas Banks
- Insurance Companies (inc Brokers)
- Building Societies
- Card Companies
- Stockbrokers
- Finance Houses

The study was restricted to senior managers within a sample of the above types of organisations who have significant involvement in decision making for the purchase of data processing services and systems, in excess of £500,000 in contract value.

C METHODOLOGY

Field research for this report was obtained from an interview programme that was conducted during January 1988.

Structured interviews were conducted mainly by telephone with 30 senior decision makers within the target population.

The sample was randomly drawn from two sub-segments of the target population. That is, half of the respondents were employed by organisations that are currently (or have recently) contracted with the CAP Group and the other half by organisations that could potentially contract with the CAP Group.

Owing to limitations in the total sample size on data analysis, the presentation of findings has been conducted so as to broadly reflect differences in perceptions and attitude towards computers services suppliers between these two broad groups of organisations.

The questionnaire used as the basis of this field research programme is given as Appendix A.

The list of organisations interviewed for this study is given as Appendix B.

D STRUCTURE

The remaining chapters of this report are organised in the following way:

- Chapter II is an Executive Overview designed to summarise the key findings from INPUT's study.
- Chapter III provides an analysis of the dynamics of the use of information technology within the financial services sector and highlights some of the key issues and problems associated with the implementation of information systems.
- Chapter IV provide an analysis of factors impacting organisational attitudes towards subcontracting major systems development projects, including requirements for levels of project support. It also provides some insights into user perceptions of supplier competence in the area of major systems development projects.
- Chapter V provides an analysis of factors impacting organisational attitudes towards subcontracting the management of data processing facilities. It also provides some insights into perceptions of supplier competence in the area of facilities management.

- Chapter VI provides an analysis of purchasing intentions and attitudes towards the use of high value applications software products. It also provides some insights into perceptions of supplier competence in the areas of product quality and product support.

- Chapter VII provides some insights into general perceptions of supplier capability and marketing skills.

- The Appendices include the user questionnaire, a list of companies interviewed, the study proposal and background supportive data on trends in the financial services sector and the UK economy.

II EXECUTIVE OVERVIEW

A GENERAL MARKETING

INPUT's research revealed that overall CAP Group are perceived as a quality computer services supplier and display sound marketing skills in terms of knowledge of customers' business, marketing communications and general marketing visibility.

The results are supportive of the company's strategy to become a Systems Engineering company and a significant player in the Systems Integration marketplace. Publicly acknowledged expertise in industry and application area is a key success factor in addressing Systems Integration (SI) opportunities.

It is interesting to note that CAP Group emerged ahead of major rival software houses such as SYSTEMS DESIGNERS and SOFTWARE SCIENCES. However, the research revealed that CAP Group were not rated as highly as other major competitors such as IBM, BIS and LOGICA.

With regard to future directions for the CAP Group one observation clearly emerges from the research, that is, that CAP Group has a very weak presence and image among potential customers in the financial services area, for example, insurance companies and merchant banks.

INPUT's research into user perceptions of supplier competence with respect to general marketing skills can be summarised as follows:

- BIS (Nynex) and HOSKYNS emerged as the most competent suppliers with regard to knowledge of customers industry/business

- IBM and BIS (Nynex) emerged as the most competent suppliers with regard to visibility in the market

- BIS, LOGICA and CAP Group emerged as the leading suppliers in terms of overall quality.

EXHIBIT II-1

GENERAL MARKETING

- Publicly Acknowledged Expertise in Industry/Application Area Key Success Factor in Addressing Systems Integration Opportunities
- CAP Group
  - Strong Marketing Skills and Presence Within Existing Customer Base
  - Weak Marketing Presence and Image Amongst Potential Customer Base
  - Good Overall Marketing Skills, Image and Quality in Comparison with Principal Competitors

B BANKING AND FINANCE - MARKET DYNAMICS

Deregulation following the implementation of the Financial Services Act, increased internationalism and competitiveness within the sector has led to the increasing criticality of information systems to corporate survival and success.

There is continuing demand for flexibility in new dealing technology, better clearing and settlement systems and information systems to support management control and enhance customer service.

Merger and acquisition activity has fuelled demand for the consolidation of disparate information systems, networks and processing centres into an integrated information architecture. Consolidation also provides opportunities for organisations to improve productivity through economics of scale.

Opportunities for computer services vendors are also arising as MIS teams are not able to respond rapidly enough to the requirements of marketing initiatives to introduce new products and services which support effective differentiation strategies.

However, the stock market crash of October 1987 has had a significant impact on company profitability and business confidence with the resulting emphasis on stringent financial control. For example, the period October 1987 to January 1988 has seen the loss of over 2,000 jobs in the City alone.

In addition, the increased use of information technology as a strategic competitive weapon has fuelled negative attitudes towards subcontracting and imposed a need for control and accountability in the implementation and management of information systems.

EXHIBIT II-2

BANKING AND FINANCE - MARKET DYNAMICS

DRIVERS

- Deregulation, Internationalism and Competitiveness
- New Product and Service Requirements
- The Challence of Integration
  - Merger and Acquisition Activity
  - Integrated Information Architecture

INHIBITORS

- Decline in Profitablity - Cost Consciousness
- Commercial Pressure for In-House Control and Risk Resilience

C USER PROBLEMS - VENDOR PRIORITIES

INPUT's research into users priorities and problems in subcontracting the implementation of information systems revealed that there are a number of key issues and areas of capability that suppliers of computer services need to address in order to take advantage of potential business opportunities in the sector.

Specifically, computer services suppliers need to:

- Develop a credible reputation as a provider of systems that meet business requirements on-time and within budget.

- Pay full attention to security issues and potential risks.

- Address the implementation issues involved with organisational change and provide systems that stress training as part of the service solution.

- Adopt a modular flexible approach to systems development that allows the integration of new systems with existing systems.

- Enhance ability to rapidly and effectively respond to changing system requirements. The use of Computer Aided Software Engineering (CASE) technology is beneficial in this regard.

EXHIBIT II-3

USER PROBLEMS - VENDOR PRIORITIES

- Credible Reputation for On-Time, Within Budget Delivery
- Close Attention to Security Risks and Issues
- Close Attention to Implementation Issues attached to Organisational Change
- Flexible Approach Towards Systems Development
- CASE Technology

D MAJOR SYSTEMS DEVELOPMENT

INPUT's research revealed that the majority of respondent organisations had negative attitudes towards subcontracting major systems development projects. Cultural preferences for control mean that many large organisations prefer to retain development projects in-house and they have large multi-disciplinary development teams.

The analysis also revealed that the majority of organisations with relatively open attitudes towards subcontracting required suppliers two offer a substantial amount of support but were not prepared to accept the risk of subcontracting complete project responsibility.

A positive finding and indicator of potential competitive advantage for the CAP Group is that all the organisations requiring a supplier to provide complete project responsibility were currently, or had recently utilised CAPs' services. This highlights the companys' strategic objective to position itself as a major player in the Systems Integration market.

Research into perceptions of supplier competence revealed that the CAP Group has a good reputation among its existing customer base which reflects the quality of the companys' delivered services and attention to "customer closeness". Strong communications skills are reflected in the fact that CAP is perceived as a competent supplier of major systems developments at a senior level.

However, INPUT's research also revealed that this perception of competence was almost negligible among a sample of CAP Financial Services Divisions' potential customers and highlights a potential problem area for future market development.

Other potentially worrying signals from the research included the finding that CAP Group were rated behind major competitors such as LOGICA and SCICON with respect to quality of technical staff and were not mentioned by any respondents with respect to the companys' ability to deliver on-time and within budget.

EXHIBIT II-4

MAJOR SYSTEMS DEVELOPMENT

- Need for Substantial Level of Support but not Complete Project Responsibility
- CAP Group - Well Positioned to Address the Implementation of Systems Requiring Complete Project Responsibility
- CAP Group -
  - Strong Reputation Amongst Existing Customer Base
  - Poor Reputation Amongst Potential Customers
- Lack of Widespread Understanding of Companys' Capabilities and Qualities

E FACILITIES MANAGEMENT

Although facilities management has been perceived as an integrated element to a suppliers' "total service" capability, INPUT's research revealed that the usage of facilities management services by financial institutions was very limited.

A major factor inhibiting the development of this market is cultural preference for control and in-house capability to manage risk.

The facilities management marketing challenge is to establish a credible image as an organisation with extensive financial, technical and management resources that is able to effectively challenge the "D.P. Empire" and offer total service solutions on an international scale.

Research revealed that HOSKYNS emerged as the clear leader as a potential supplier of FM services. Neither CAP Group or Data Networks were mentioned as competent suppliers in this area and points to the company's lack of presence in this area.

EXHIBIT II-5

FACILITIES MANAGEMENT

- A Limited Opportunity and Severe Marketing Challenge
- CAP Group/Data Networks - Lack of Presence

F APPLICATIONS SOFTWARE PRODUCTS

INPUT's research revealed that 50% of respondent organisations were making or planning to make investments in high value applications software products. Niche players such as CONTINUUM in the Insurance sector and major players such as BIS have experienced very significant growth in this area and INPUT's research would indiate a continuation of this trend.

The increasing acceptance of high quality, flexible package solutions as aids to reducing the applications backlog is both a threat and an opportunity for CAP Group. The threat comes from the ability of software product vendors to offer significant levels of implementation support. The opportunity, however, comes from leveraging investments in "kernels/enabling products" to provide productised applications solutions, for example, BASE 24.

Research into perceptions of supplier competence with regard to product quality again revealed that the CAP Group have a good reputation among its existing customer base, especially in the electronics fund transfer (EFT) area, but have a negligable level of presence amongst potential customers.

Research also revealed that niche players such as HOGAN SYSTEMS and CCF have a significant presence in the market.

It is also interesting to note that hardware manufacturer IBM emerged as a leading supplier with respect to applications software product support.

EXHIBIT II-6

APPLICATIONS SOFTWARE PRODUCTS

- Continuing Market Opportunities
- Software Product Vendors - Increasing Professional Services Capability
- Niche Players - Significant Presence
- CAP Group -
  - Sound Reputation Amongst Existing Customers
  - Poor Presence Amongst Potential Customers

III USER ENVIRONMENT

A OVERVIEW

Exhibit III-1 illustrates the major factors that are continuing to lead organisations in the banking and financial services sector to make significant investments in information systems.

Deregulation following the implementation of the Financial Services Act, increased internationalism and competitiveness within the sector has led to the increasing criticality of information systems to corporate survival and success.

Despite the impact of Black Monday (October 9th 1987) on profitability and business confidence with the resulting emphasis on financial control, there is little evidence to suggest that IS budgets have been significantly reduced.

There are strong perceptions of the need to implement significant online information systems in order to sustain competitive edge in response to rapidly (and often unpredictably) changing business requirements.

Merger and acquisition activity has fuelled demand for the consolidation of disparate information systems, networks and processing centres into an integrated information architecture. Consolidation also provides opportunities for organisations to improve productivity through economies of scale.

The challenge for the future is to integrate the ad hoc "patchwork" quilt of systems that have been built up over many years that fail to adequately communicate and respond to the rapidly changing business environment. In technological terms this means integrating hardware of different manufacturers, with databases of differing structures, with software of differing suppliers into a cohesive, coherent system that supports the ongoing needs of an organisation.

A further major driving force for investment is the need to rapidly introduce new products and systems which enhance customer service and support effective strategies for differentiation. The opportunity for computer service vendors is that internal MIS teams are not able to respond rapidly enough to the requirements of their marketing initiatives.

This use of information technology as a strategic competitive weapon by financial services organisations has a "double edged sword" effect as far as computer services organisations are concerned. Its importance enforces a need for control and accountability in the implementation and management of information systems. A very significant factor fuelling negative attitudes towards subcontracting.

Consequently, successful computer services suppliers will need to constantly reassure the market of their capability to deliver on time and within budget, systems that are flexible to change and compatible with existing systems. The ability to fully understand an organisations business needs is a further critical success factor.

EXHIBIT III-1

BANKING AND FINANCE - DRIVING FORCES IS INVESTMENT

- DEREGULATION, INTERNATIONALISM and COMPETITIVENESS

- THE CHALLENGE OF INTEGRATION
  - Merger and Acquisition Activity
  - Integrated Information Architecture

- NEW PRODUCT and SERVICE REQUIREMENTS

B EFFICIENCY BENEFITS OF INFORMATION SYSTEMS

Exhibit III-2 illustrates that 60% of our respondents felt that the effective implementation of information systems was vital to business efficiency in the short term and as many as 80% in the medium term.

Not only does this reflect the increasing pervasiveness of information systems within financial institutions but also their increasing importance as part of long term corporate strategic thinking.

Exhibit III-3 illustrates a model that has been developed (based on the financial services sector) which attempts to define the various stages in the development and progression of the use of IT in financial services organisations.

It is, however, interesting to note that as the use of IT has developed in its organisational importance and pervasiveness within financial institutions, the key problem for data processing is the basic administrative systems, eg. basic core systems for transaction clearance and settlement.

These large core systems on which the basic business runs are difficult and expensive to maintain, inflexible to change and difficult to interface with the new peripheral systems that have been developed in response to marketing initiatives and demands for improved management information. As one banker commented "..... our key problem is in back office settlement ..... there is also not a suitable system available on the market .....".

EXHIBIT III-2

PERCEPTIONS OF THE EFFECTIVE IMPLEMENTATION OF INFORMATION SYSTEMS TO ORGANISATION EFFICIENCY

RATING OF IMPORTANCE	NUMBER OF MENTIONS	
	TIMEFRAME	
	SHORT TERM	MEDIUM TERM
VITAL	18	24
VERY IMPORTANT	11	5
FAIRLY IMPORTANT	1	1
UNIMPORTANT	0	0

Total Sample = 30

EXHIBIT III-3

DEVELOPMENT STAGES IN THE APPLICATION OF INFORMATION TECHNOLOGY

	STAGE 1	STAGE 2	STAGE 3	
Impact	Back Room	Front-Line		Key Problem
	Administration	Production	Marketing	
Insiders	Batch Processing	Transaction Processing - automation - optimisation models		Solving Technical Problems of Data Processing
Outsiders		Transaction Processing - local delivery	Transaction Processing - local ordering - local product information	Re-thinking Strategy & What Business We Should Be In
BENEFIT:	Overhead cost reduction	Product cost reduction New products	Competitive edge	
Increased decentralisation				

C KEY USER PROBLEMS IN IMPLEMENTING INFORMATION SYSTEMS

Exhibit III-4 provides a summary of the most frequently mentioned problems that have been experienced by financial services organisations when implementing information systems.

Exhibit III-5 provides a list of the most comments made by users with respect to information systems implementation.

INPUT's research illustrates that there are a number of key issues and areas of capability that suppliers of computer services need to address in order to take advantage of potential business opportunities in the sector.

Specifically, computer services suppliers need to:

- Develop a credible reputation as a provider of systems that meet business requirements on time and within budget.
- Pay full attention to security issues and potential risks.
- Provide systems that stress training as part of the service solution.
- Adopt a modular flexible approach to system development that allows the integration of new systems with existing systems.
- Develop the ability to rapidly and effectively respond to changing system requirements. The use of Computer Aided Software Engineering (CASE) technology is vital in this regard.

EXHIBIT III-4

SUMMARY OF KEY USER PROBLEMS WHEN IMPLEMENTING INFORMATION SYSTEMS

PROBLEM	NO OF MENTIONS
MEETING DEVELOPMENT DEADLINES	9
SECURITY	9
TRAINING	6
INTEGRATION OF NEW SYSTEMS WITH EXISTING SYSTEMS	5
PRECISE DEFINITION OF SYSTEMS REQUIREMENTS	4
STAFF RECRUITMENT/SHORTAGE	4
COST CONTROL	4

EXHIBIT III-5

USER COMMENTS IN KEY PROBLEMS IN IMPLEMENTING INFORMATION SYSTEMS

PROBLEM AREA - MEETING DEADLINES

"...We have a problem with software houses ... they are bureaucratic and have excessive documentation procedures that take too long to meet our deadlines..."

"...Getting a company to meet tight deadlines ... many suppliers to do not have this capability..."

"... We have a problem in subcontracting systems for delivery on time and within budget..."

"...Timetables are a major problem ... there is an aggressive company policy to implement systems quickly..."

"...We are affected by changes in legislation, therefore we need to meet deadlines very quickly and respond to needs for new products and procedures..."

"...It's the competitive edge issue ... we have a need for rapid product and systems development..."

PROBLEM AREA - SECURITY

"... Security is always a major risk ... the software has major limitations ... we need stringent guidelines..."

"...Security is very time consuming and problematic ... also data integrity..."

"...Security risk is a significant issue ... we weigh up the relative security exposure against the value of the system ..."

PROBLEM AREA - TRAINING

"... The key difficulty is scheduling the training programme with going live ..."

"... There is a lack of adequate investment in training ..."

"... Training of operators and support staff is a problem ... and users tend not to have enough time ..."

"...Training was a problem but no longer after the establishment of an in-house group ..."

PROBLEM AREA - SYSTEMS INTEGRATION

"... The integration of new systems with existing systems is a major problem ... there is a need for a modular approach to give maximum flexibility ... in practice this is difficult to achieve ..."

"... The integration of new systems with existing systems is a problem ... the new system tends to go wrong therefore information cannot be accessed from old systems ..."

"... We have a problem finding flexible systems that require minimum adaptation to old systems ..."

"... There is a market need for rapid product and systems development, but it's always difficult to interface new with existing systems..."

PROBLEM AREA - REQUIREMENTS DEFINITION

"... Systems specification is a major problem ... we have to build systems to a tight timetable without knowing exactly what to build ... we have to anticipate tomorrow's problems as well as meeting the problems of today ..."

"... Our main problem is defining requirements in response to business needs ... the business is driven by new legislation and marketing requirements ..."

PROBLEM AREA - COST CONTROL

"... The rise in annual infrastructure costs of internally operating information systems is too high ..."

"... Cost control is a problem with contractors due to specification changes ..."

"... Cost control is a problem ... suppliers do not keep you informed as well as they should on budget overuns ..."

PROBLEM AREA - STAFF SHORTAGES

"... The complexity of projects means that we invariably underestimate the staffing requirements ... we have difficulty in getting people to cope with multiple disciplines ..."

"... We have difficulty in finding competent people ... high calibre business systems staff ... "

"... There is always a shortage of people ... usually within the DP department but sometimes among end users ..."

IV MAJOR SYSTEMS DEVELOPMENT

A THE MAKE OR BUY DECISION

INPUT's research revealed that despite the increasing importance of information systems to corporate success a significant proportion of organisations had negative attitudes towards subcontracting.

Exhibit IV-1 illustrates that of the 30 respondent organisations, 12 were not contracting/planning the contract with an external services vendor for a significant investment in systems development and only 1 organisation was planning to contract in the future. In addition, of the 17 organisations who were currently contracting or had recently contracted with an external services supplier many had implemented specialist dealing room systems in response to changing market requirements.

INPUT's ongoing research programme has revealed that organisations with open attitudes towards subcontracting seek to utilise the leading edge of information technology, ie. new techniques, tools, development environments and methodologies. They also use external subcontractors to meet development peaks, utilise specialist knowledge and expertise, for example, in the areas of A.I. and telecommunications and to find solutions to business problems more rapidly.

Exhibit IV-2 illustrates the most frequently mentioned comments relating to the decision to not subcontract major investments in systems development.

Attitudes towards subcontracting are largely dependent on the political environment of an organisation and attendant cultural attitudes. Cultural preferences for control mean that many organisations prefer to retain development projects in-house and they retain large multi-disciplinary development teams.

In addition, there was also the feeling that contractors were able to understand and fulfil business needs and requirements. As one respondent commented "... it is the competitive edge issue ... we feel that we can do it better than anyone else ..."

EXHIBIT IV-1

USE OF EXTERNAL SERVICES VENDORS FOR SIGNIFICANT INVESTMENTS IN SYSTEMS DEVELOPMENT

STATUS	NO OF MENTIONS
CURRENTLY CONTRACTING	11
PLANNING TO CONTRACT	1
CONTRACTED IN RECENT PAST	6
DO NOT SUBCONTRACT	12
TOTAL	30

EXHIBIT IV-2

THE MAKE OR BUY DECISION - USERS' REASONS FOR NOT SUBCONTRACTING MAJOR INVESTMENTS IN SYSTEMS DEVELOPMENT

REASON	NO OF MENTIONS
IN-HOUSE EXPERTISE AND RESOURCE	6
CONTROL	6
CULTURE OF ORGANISATION	3
COST	3
PROBLEMS WITH CONTRACTORS	2
SECURITY	1

B REQUIREMENTS FOR LEVEL OF SUPPORT FROM SUBCONTRACTORS

Exhibit IV-3 illustrates respondents views on the extent of support required from an external contractor for a significant investment in systems development.

It is interesting to note that the three organisations requiring the external supplier to provide complete project responsibility were either currently or had recently utilised the services of the CAP Group. This may well indicate a competitive strength for CAP as it needs to position itself as a major player in the emerging Systems Integration market.

However, it is also interesting to note that the CAP Group are also involved in projects where there is a low level of support required, ie. 'bodyshopping' type contracts where the user organisation retains project management control and responsibility. This is not necessarily a negative finding in terms of market positioning. Time and materials based 'bodyshop' type contracts are valuable for maintaining a strong cash flow and are undertaken by most of the CAP Group's competitors.

In general, the level of support required from a subcontractor varies from project to project, the rack record of the supplier and the level of in-house expertise for development and project management.

It is interesting to note that of the organisations requiring a low level of support from a subcontractor, the average number of people employed in data processing was approximately 450, which reflects the availability of substantial in-house resource.

EXHIBIT IV-3

LEVEL OF SUPPORT REQUIRED FROM SUBCONTRACTORS

SUPPORT REQUIREMENT	NUMBER OF MENTIONS		
	CAP GROUP CUSTOMER STATUS		
	EXISTING/ RECENT	POTENTIAL	TOTAL
COMPLETE PROJECT RESPONSIBILITY	3	0	3
SUBSTANTIAL LEVEL OF SUPPORT	7	5	12
LOW LEVEL OF SUPPORT	3	2	5

Exhibit IV-4 illustrates some of the comments made by users as reasons for their need for a low level of support.

A further major factor not only impacting attitudes towards subcontracting but also requirements for levels of support is the perceived need amongst user organisations for standards. That is, standards for technical development, project management, change control management, security, etc.

Several organisations were moving towards tightening discipline in terms of adherence to established corporate development standards. External contractors are then obliged to comply with in-house developed standards and if not providing that capability can only be used on a 'bodyshopping' basis.

EXHIBIT IV-4

USERS' REASONS FOR ONLY REQUIRING A LOW LEVEL OF SUPPORT FROM SUBCONTRACTORS

COMMENTS

"... The need for support varies with the type of project and experience of working with the supplier ... we always support a subcontracted project with an in-house technical team ..."

"... We have in-house expertise so we do not need a high level of software support ..."

"...Level of support required depends on the size of the project ... we are the only people who can run projects because of our knowledge of the business and because we have responsibility for running it ..."

"... We like to keep control because we have to support the system ... also we like to ensure that systems meet our own standards ..."

"... We like to retain project management in-house and would only contract out if we lacked staff ... consequently, suppliers are used as a bodyshop only ..."

C USER PERCEPTIONS OF SUPPLIER COMPETENCE

1 Major Systems Development Projects

Largely due to reasons of confidentiality many respondents in INPUT's research sample did not reveal their opinions and preferences with regard to supplier capability. Consequently, there is potentially an inherent bias in the research findings with respect to the relative perceived competence of suppliers of complete systems development or substantial levels of support.

Exhibit IV-5 illustrates a ranking table of the most competent suppliers of major system development projects amongst existing/recent customers of CAP Group.

The points ranking table was derived using the following methodology:

Company Named as Most Competent - 4 Points
Company Named as 2nd Most Competent - 2 Points
Company Named as 3rd Most Competent - 1 Point

This methodology for supplier ranking applies to a series of exhibits in Section C of this report chapter and also in Chapters V,VI and VII.

With reference to Exhibit IV-5 INPUT's research revealed that the CAP Group has a good reputation with its existing customer base and potentially reflects good marketing skills and attention to 'customer closeness'.

Exhibit IV-6 illustrates the same ranking table for the sample of potential customers of the CAP Group. The results reflect a low level of awareness of the company's competence with IBM, LOGICA and HOSKYNS emerging as the three most competent suppliers.

Exhibit IV-7 illustrates the ranking table of perceptions of supplier competence among organisations subcontracting major systems development projects. The results reflect the high degree of quality and credibility attained by the CAP Group in this user population.

EXHIBIT IV-5

USERS' PERCEPTIONS OF THE MOST COMPETENT SUPPLIERS OF MAJOR SYSTEMS DEVELOPMENTS - EXISTING/RECENT CUSTOMERS OF CAP GROUP

RANK	SUPPLIER	NO OF POINTS
1	CAP GROUP	22
2	LOGICA	16
3	IBM	6
4	SYSTEMS DESIGNERS	5
5	SCICON	4

EXHIBIT IV-6

USERS' PERCEPTIONS OF THE MOST COMPETENT SUPPLIERS OF MAJOR SYSTEMS DEVELOPMENTS - POTENTIAL CUSTOMERS OF CAP GROUP

RANK	SUPPLIER	NO OF POINTS
1	IBM	10
2=	LOGICA	8
2=	HOSKYNS	8
4	BIS	6
5	SYSTEMS DESIGNERS	4

EXHIBIT IV-7

USERS' PERCEPTIONS OF THE MOST COMPETENT SUPPLIERS OF MAJOR SYSTEMS DEVELOPMENTS - CURRENTLY, RECENTLY OR PLANNING TO SUBCONTRACT

RANK	SUPPLIER	NO OF POINTS
1	CAP GROUP	22
2	LOGICA	16
3	HOSKYNS	10
4=	SCICON	6
4=	IBM	6

2 Project Management Capability

Exhibit IV-8 illustrates users' perceptions of supplier competence with respect to project management capability. LOGICA emerged ahead of the CAP Group in this area of competence. Ten other suppliers were mentioned.

3 Technical Staff

Exhibit IV-9 illustrates users' perceptions of supplier competence with respect to technical staff. Again LOGICA emerged as the most competent supplier with respect to this area of capability. In all twelve suppliers were mentioned by respondents.

4 On Time, Within Budget Delivery

Exhibit IV-10 illustrates users' perceptions of supplier competence with respect to their reliability for the delivery of a complete project on time and within budget. LOGICA appeared well ahead of its major rivals with respect to this area of supplier capability. In all eleven suppliers were mentioned by respondents.

It is interesting to note that two respondents commented that this idea was a fallacy.

EXHIBIT IV-8

USERS' PERCEPTIONS OF SUPPLIER COMPETENCE WITH RESPECT TO PROJECT MANAGEMENT CAPABILITY

RANK	SUPPLIER	NO OF MENTIONS
1	LOGICA	4
2	CAP GROUP	2
3=	HOSKYNS	1
3=	SYSTEMS DESIGNERS	1
3=	ARTHUR ANDERSEN	1

EXHIBIT IV-9

USERS' PERCEPTIONS OF SUPPLIER COMPETENCE WITH RESPECT TO QUALITY OF TECHNICAL STAFF

RANK	SUPPLIER	NO OF MENTIONS
1	LOGICA	5
2	IBM	3
3	SCICON	2
4=	CAP GROUP	1
4=	CMG	1

EXHIBIT IV-10

USERS' PERCEPTIONS OF SUPPLIER COMPETENCE WITH RESPECT TO ABILITY TO DELIVER ON TIME AND WITHIN BUDGET

RANK	SUPPLIER	NO OF MENTIONS
1	LOGICA	5
2=	IBM	2
2=	SYSTEMS DESIGNERS	2
4=	SCICON	1
4=	ADMIRAL COMPUTING	1

V FACILITIES MANAGEMENT

A FACILITIES MANAGEMENT - USAGE AND ATTITUDE

Changes in the business climate which is leading to increased use of external contractors and also preferences for one stop shopping has revitalised interest in the concept of facilities management. Large systems houses are seeking to extend their capability in this area and view facilities management (FM) as an integral part of a 'total service' capability. For example, CAP Groups acquisition of Data Networks in June 1987 and Arthur Andersens entry into this market.

However, INPUT research amongst financial institutions revealed that subcontracting responsibility for the management of data processing facilities was far from being a key user priority.

Exhibit V-1 illustrates that only two of the respondent organisations were using facilities management services and none to any major extent.

Of the two organisations utilising facilities management services the main applications were disaster recovery and back-up for central processing resources. One organisation mentioned the attraction of a fixed price contract as a reason for utilising facilities management services. These are listed in Exhibit V-2.

A major factor in user preferences for not using facilities management is cultural preference for control and in-house capability to manage risk.

It is interesting to note that 17 of our respondent organisations were large IBM installations with substantial in-house resource. The other principal hardware suppliers were DEC with 4 installations and UNISYS with only 2. The average number of people employed in data processing across the respondent population was approximately 175.

Further analysis reveals that the average number of people employed in data processing amongst existing/recent customers of the CAP Group was even higher than this, ie. it was approximately 220.

Consequently, this possibly illustrates large potential difficulties that CAP Group/Data Networks will have to face when marketing facilities management services to financial institutions.

EXHIBIT V-1

USAGE OF EXTERNAL SERVICE SUPPLIERS FOR FACILITIES MANAGEMENT

USAGE	NO OF ORGANISATIONS
CURRENTLY USING	2
PLANNING TO USE	0
NOT USING	28
	30

EXHIBIT V-2

REASONS FOR USING FACILITIES MANAGEMENT SERVICES

REASON/APPLICATION	NO OF MENTIONS
DISASTER RECOVERY	2
PROCESSING CENTRE BACK-UP	2
FIXED PRICE CONTRACT	1
RISK MANAGEMENT	1

The facilities management marketing challenge is to establish a credible image as an organisation with extensive financial, technical and management resources that is able to effectively challenge 'DP Empire' and offer total service solutions on an international scale.

A summary of key reasons for not subcontracting the management of data processing facilities is given as Exhibit V-3. Exhibit V-4 illustrates some of the most valuable comments made by users as reasons for not taking out facilities management contracts.

EXHIBIT V-3

SUMMARY OF KEY REASONS FOR NOT SUBCONTRACTING THE MANAGEMENT OF DATA PROCESSING FACILITIES

REASON	NO OF MENTIONS
IN-HOUSE CONTROL	15
COST CONTROL (IN-HOUSE COST EFFECTIVENESS)	8
SUBSTANTIAL IN-HOUSE RESOURCES (and management skills)	6
SECURITY	4
BETTER UNDERSTANDING OF BUSINESS BY IN-HOUSE STAFF	4

EXHIBIT V-4

USER COMMENTS ON SUBCONTRACTING THE MANAGEMENT OF DATA PROCESSING FACILITIES

COMMENTS

"... We want to retain control of our own destiny ... it all comes down to responsibility and accountability ..."

"... We have better quality and control in-house ... our own people understand our precise requirements ... we are also better able to control cost ..."

"... We have considerable in-house resources and management skills ... security and confidentiality are also significant factors ... we are part of a global operation ... it is inappropriate to involve third parties ..."

"... Our information systems are too critical to want to subcontract responsibility ..."

"... Managing the facilities ourselves gives us a level of control and a level of understanding to enable us to maintain the systems ..."

"... We need to keep control for security reasons ... we have competent staff and have an enormous data processing capability ... it is also our corporate policy not to subcontract ..."

"... We need to be close to users and very responsive to their demands ... also security risks in the financial world lead to a strong need for control ..."

B FACILITIES MANAGEMENT - USER PERCEPTIONS OF SUPPLIER COMPETENCE

Exhibit V-5 illustrates a ranking table of the most competent suppliers of facilities management services.

Our analysis reveals that HOSKYNS is perceived as the most competent supplier in this area. EDS, it would appear, also have a significant market presence. However, one respondent actually described EDS as "... a sordid little company ..."

It is interesting to note that neither the CAP Group nor Data Networks were never mentioned and points to the companys' lack of presence and capability as suppliers in this area.

Of the two companies actually using facilities management services their preferred suppliers were Datasolve and Funds Transfer Sharing Ltd (operators of the national EFT-POS scheme).

EXHIBIT V-5

USERS PERCEPTIONS OF THE MOST COMPETENT SUPPLIERS OF FACILITIES MANAGEMENT SERVICES

- Total Sample

RANK	SUPPLIER	NO OF MENTIONS
1	HOSKYNS	8
2	EDS	3
3=	DATASOLVE	2
3=	CENTRE FILE	2
5	CMG	1

VI APPLICATIONS SOFTWARE PRODUCTS

A APPLICATIONS SOFTWARE - USAGE AND ATTITUDE

Exhibit VI-1 illustrates that a very significant proportion of our respondent organisations were currently making (or planning to make) investments in high value applications software products.

In fact, this reflects the quality and flexibility of high value applications software products and that organisations are seeking to make investments in this area as an aid to reducing the applications backlog and the upgrade of systems in non-mission critical application areas.

From the standpoint of the CAP Group high value applications software products are a threat as well as an opportunity. The threat is that flexible packages negate the need for the development of customised, one-off, unique solutions. Financial institutions have substantial in-house resource to tailor externally sourced packages and maintain applications software. The opportunity, however, is to leverage effort invested in the development of 'kernels' and provide 'productised' applications solutions, for example, the high successful BASE 24 product.

EXHIBIT VI-1

INVESTMENT IN HIGH VALUE APPLICATIONS SOFTWARE PRODUCTS

Purchase Intentions		No of Mentions
Currently investing or planning to invest		15
Not investing		15
	TOTAL	30

Exhibit VI-2 illustrates some of the comments made by respondents as reasons for not making investments in high-value applications software products.

EXHIBIT VI-2

SUMMARY OF SOME USER RESPONSES FOR NOT MAKING INVESTMENTS IN HIGH VALUE APPLICATIONS SOFTWARE PRODUCTS

COMMENT

"...We find it is better to build ourselves because we can match requirements more closely... we have the staff and it is cheaper... we have bought payroll packages and general ledger..."

"...We tend to write our own... we are heavily into fourth generation languages... it makes it easier to do it ourselves..."

"...There are no package solutions that meet our needs... all has to be bespoke... LOGICA have the best understanding of our sort of business..."

"...The majority of our applications are in the ara of supporting production line processes... packages are not sufficiently comprehensive..."

"...We have evaluated packages... they do not meet our precise needs..."

B APPLICATIONS SOFTWARE - USER PERCEPTIONS OF SUPPLIER COMPETENCE

1 Best Quality Products

Exhibit IV-3 illustrates a ranking table of perceptions of supplier competence with regard to the quality of applications software products amongst existing/recent customers of the CAP Group. Although the CAP Group were perceived as high quality suppliers, HOGAN SYSTEMS were seen as having the best quality products. In part, this reflects the breadth of their product range and reputation as specialist suppliers in this area.

Exhibit IV-4 which illustrates perceptions of supplier competence among potential CAP Group customers reflects this finding, i.e. the three most rated suppliers are specialists in the finance and banking area, namely CONTINUUM, CCF and BIS.

2 Highest Quality of Product Support

Owing to the poor quality of user response, largely due to reasons of confidentiality, it is difficult to draw up any meaningful analysis in this area. However, Exhibit VI-5 has been presented for your benefit which a ranking table of perceptions of supplier competence with regard to the quality of applications software product support amongst existing/recent customers of the CAP Group.

Exhibit VI-6 illustrates user perceptions amongst potential customers of the CAP Group. It is interesting to note that IBM are rated as a high quality supplier of product support, but not as a supplier of quality products. Potentially, this is a threat as the hardware manufacturers are increasingly seeking to distribute third party software on a "badge engineered" basis.

EXHIBIT VI-3

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO PRODUCT QUALITY

Existing/Recent Customers of the CAP Group

RANK	SUPPLIER	NO OF POINTS
1	HOGAN SYSTEMS	12
2	CAP GROUP	8
3=	CCF	4
3=	SIMCORP	4
3=	SYSTEMS DESIGNERS	4

EXHIBIT VI-4

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO PRODUCT QUALITY

Potential Customers of CAP Group

Rank	Supplier	No of Points
1	CONTINUUM	12
2	CCF	6
3=	BIS	5
3=	HOSKYNS	5
5	COMPUTATIONS	4

EXHIBIT VI-5

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO PRODUCT SUPPORT

Existing/Recent Customers of the CAP Group

Rank	Supplier	No of Mentions
1=	HOGAN SYSTEMS	2
1=	CAP GROUP	2
1=	IBM	2

EXHIBIT VI-6

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO PRODUCT SUPPORT

Potential Customers of the CAP Group

Rank	Supplier	No of Mentions
1=	IBM	2
1=	HOSKYNS	2
1=	BIS	2

VII GENERAL MARKETING

A KNOWLEDGE OF INDUSTRY/BUSINESS

Exhibit VII-1 illustrates a ranking table of perceptions of supplier competence with regard to knowledge of the customers industry/business amongst existing/recent customers of the CAP Group.

The table indicates the strength of CAP Group's marketing presence, skills and reputation amongst its existing client base. This fits well with the companys' strategy to become a systems engineering company and a significant player in the systems integration market. Publicly acknowledged expertise in industry and application area is a key success factor in addressing systems integration opportunities.

Exhibit VII-2 illustrates a ranking table of perceptions of supplier competence amongst potential customers of the CAP Group. It is interesting to note that the name of CAP was not mentioned by any of the respondents and potentially reflects a lack of visibility and the lack of widespread knowledge of the company's capabilities.

EXHIBIT VII-1

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO KNOWLEDGE OF CUSTOMERS INDUSTRY/BUSINESS

Existing/Recent Customers of the CAP Group

Rank	Supplier	No of Points
1	CAP GROUP	10
2=	LOGICA	6
2=	IBM	6
4=	DATA LOGIC	4
4=	SYSTEMS DESIGNERS	4

EXHIBIT VII-2

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO KNOWLEDGE OF CUSTOMERS INDUSTRY/BUSINESS

Potential Customers of the CAP Group

Rank	Supplier	No of Points
1	BIS	9
2	IBM	7
3	CONTINUUM	6
4	HOSKYNS	5
5	LOGICA	4

Exhibit VII-3 illustrates a ranking table of perceptions of supplier competence amongst the total sample of organisation. Despite the sampling bias towards existing/recent customers of the CAP Group, BIS emerge as the clear leaders in this area. It is also interesting to note the high ratings given to COMPUTATIONS AND CONTINUUM who are specialist niche players in this sector.

EXHIBIT VII-3

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO KNOWLEDGE OF CUSTOMERS INDUSTRY/BUSINESS

- Total Sample

RANK	SUPPLIER	NO OF POINTS
1	BIS	11
2=	HOSKYNS	8
2=	COMPUTATIONS	8
4	CAP GROUP	7
5=	LOGICA	6
5=	CONTINUUM	6
5=	IBM	6
5=	DEC	5
9	CCF	5
10	UNISYS	4

B MARKET VISIBILITY

Exhibit VII-4 illustrates a ranking table of perceptions of supplier competence with regard to their visibility in the market amongst existing/recent customers of the CAP Group.

It is interesting to note that IBM emerge as the most visible player in the marketplace. Hardly surprising in view of the fact that 17 of the 30 respondent organisations were dependent on IBM hardware. CAP Group, however, emerged as a close second and this reflects the level of professionalism in the area of communications which has allowed the company to attain a high profile amongst financial institutions.

Exhibit VII-5 illustrates a ranking table of perceptions of supplier competence with regard to market visibility amongst potential customers of the CAP Group. Again it is interesting to note the high ratings given to the hardware manufacturers IBM and DEC. The research also reveals that the CAP Group have very low visibility among potential customers.

EXHIBIT VII-4

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO VISIBILITY IN MARKET

Existing/Recent Customers of the CAP Group

Rank	Supplier	No of Points
1	IBM	10
2	CAP GROUP	9
3	DATA LOGIC	5
4=	ARTHUR ANDERSEN	4
4=	HOSKYNS	4

EXHIBIT VII-5

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO VISIBILITY IN MARKET

Potential Customers of the CAP Group

Rank	Supplier	No of Points
1	IBM	9
2=	BIS	6
2=	DEC	6
4	LOGICA	5
5	DATA LOGIC	4

Exhibit VII-6 illustrates a ranking table of perceptions of supplier competence amongst the total respondent sample. It is very interesting to note that hardware manufacturer IBM emerge as the clear leader with respect to market visibility. DEC, BIS and LOGICA are also rated ahead of the CAP Group despite the sampling bias.

EXHIBIT VII-6

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO VISIBILITY IN MARKET

- Total Sample

RANK	SUPPLIER	NO OF POINTS
1	IBM	13
2	BIS	9
3=	DEC	7
3=	LOGICA	7
5=	DATA LOGIC	5
5=	CAP GROUP	5
7=	ARTHUR ANDERSEN	4
7=	HOSKYNS	4
7=	CONTINUUM	4
7=	MSA	4

C OVERALL QUALITY

Exhibit VII-7 illustrates a ranking table of perceptions of supplier competence with regard to overall quality amongst existing/recent customers of the CAP Group. Unfortunately, the data for this analysis was a little sporadic but it did reveal that the CAP Group have a high quality reputation and image amongst its existing customer base.

Exhibit VII-8 illustrates a ranking table of perceptions of supplier competence with regard to overall quality amongst potential customers of the CAP Group. Again this reflects a low level of credibility of the CAP Group amongst potential customers and the strength of major rivals such as LOGICA, BIS and HOSKYNS.

EXHIBIT VII-7

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO OVERALL QUALITY

Existing/Recent Customers of the CAP Group

Rank	Supplier	No of Points
1	CAP GROUP	9
2	IBM	5
3=	HOSKYNS	4
3=	BIS	4
3=	ADMIRAL COMPUTING	4

EXHIBIT VII-8

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO OVERALL QUALITY

Potential Customers of the CAP Group

Rank	Supplier	No of Points
1	BIS	9
2=	LOGICA	6
2=	HOSKYNS	6
4=	DATA LOGIC	4
4=	IBM	4

Exhibit VII-9 illustrates a ranking table of perceptions of supplier competence in respect to overall quality for the total sample. CAP Group emerge along with rivals BIS and LOGICA as the leading suppliers, but again caution must be made in interpretation of results in light of sampling bias.

EXHIBIT VII-9

USER PERCEPTIONS OF SUPPLIER COMPETENCE WITH REGARD TO OVERALL QUALITY

- Total Sample

RANK	SUPPLIER	NO OF POINTS
1=	CAP GROUP	9
1=	LOGICA	9
1=	BIS	9
4	HOSKYNS	6
5	IBM	5

APPENDIX A

CUSTOMER ASSESSMENT OF COMPUTER SERVICES SUPPLIERS

USER QUESTIONNAIRE

- A MARKET SURVEY FOR CAP GROUP

INTRODUCTION

ASK FOR DIRECTOR OR SENIOR MANAGER WITH OVERALL RESPONSIBILITY FOR INFORMATION AND COMPUTER SERVICES. (NOT DATA PROCESSING MANAGER).

Introduce yourself as an interviewer from INPUT, an independent consultancy company. Explain that we have been commissioned to carry out a research project among senior managers within the banking and financial services sector in the UK, who are involved in the final stages of decision making for the purchase of data processing services and systems worth over £500,000.

REASSURE RESPONDENT: The study will explore perceptions of external suppliers of information services in broad terms, and is not concerned with the detailed technical aspects of computing and information services. All participants will receive a short summary of the results in aprpeciation of their co-operation.

QA. I would just like to check - Are you personally significantly involved in the decision making process for the purchase of data processing services and systems worth over £500,000 in contract value?

Yes 1 GO TO Q1
No 2 FIND WHO IS AND RE-INTRODUCE PROJECT

BACKGROUND INFORMATION

Respondent Name: ______________________________

Title: ______________________________

Address: ______________________________

____

____

Telephone No: ______________________________

PRINCIPAL ACTIVITY OF ORGANISATION:

(Circle Code as appropriate)

-	Merchant Bank	A
-	Insurance Company (Life/Non-life)	B
-	Building Society	C
-	Insurance Broker (Large)	D
-	Insurance Syndicate (Large)	E
-	Retail Bank	F
-	Overseas Bank	G
-	Finance House	H
-	Card Company	I
-	Stockbroker	J

CUSTOMER STATUS:

(Circle Code as appropriate)

-	Existing Customer of Sponsor	A)	List A
-	Lapsed Customer of Sponsor	B)	
-	Potential Customer of Sponsor	C	- List B

(Check Quotas)

SIZE OF ORGANISATION:

No of People Employed
in Data Processing: ____________________

Rating of Size of Business for type of organisation within the financial services sector:

- Measure of Size, eg, total assets for banks and building societies or premium/investment income for insurance companies

____

- Size of Business ____________________

SECTION A - USER ENVIRONMENT

QU:1 Could you please tell me, how important, in your opinion, is the effective implementation of information systems to the efficiency and performance of your organisation, both in the short and medium term (ie, in two years time)?

	Short Term	Medium Term
Vital	☐	☐
Very Important	☐	☐
Fairly Important	☐	☐
Unimportant	☐	☐

QU:2 In general terms, would you please briefly describe the principal problems that your organisation has encountered (if applicable) when implementing information systems?

eg, training, cost control, security risks, maintenance, compatability with existing systems, etc.

SECTION B - SYSTEMS DEVELOPMENT

QU:3 Are you currently contracting/planning to contract with an external services vendor for a significant investment in systems development?

If NO - Have you contracted with an external supplier in the recent past?

If YES - Continue to QU:4.

If NO - Could you please briefly explain the reasons why your organisation has chosen to adopt the policy of not subcontracting major developments to external suppliers?

Cost	☐
Control	☐
Security	☐
In-House Expertise	☐
Vendor Selection and Evaluation	☐

Other, write in ______________________________

____

____

____

NB For significant investment in systems development read contracts in excess of £0.5 million.

QU:4 When contracting/planning to contract with an external supplier for a significant systems development project are you expecting the subcontractor to provide:

- Complete Project Responsibility? ☐
- A Substantial Amount of Support? ☐
- A Low Level of Support? ☐

If the answer is "low level of support", please briefly outline the reasons why this is appropriate to your organisation?

____

____

____

QU:5 a) Which three companies do you regard as the most competent suppliers of complete systems developments or substantial levels of support?

Ranking 1 __________________________

2 __________________________

3 __________________________

b) Which company do you regard as having the best project management capability?

____

c) Which company do you regard as having the best technical staff?

____

d) Which company would you be most happy to rely upon for delivery of a complete project on time and within budget?

____

NB Check from List for Section C:

Arthur Andersen

CAP Group

CAP Gemini Sogeti (CGS)

CCF

CMG

Computer Sciences (CSC)

Data Logic

Digital Equipment (DEC)

Peat Marwick McLintock

Price Waterhouse

Admiral Computing

EDS

Hoskyns

IBM

Logica

Scicon

Systems Designers (SD)

Software Sciences
(Thorn EMI)

Unisys

Other ______________________

SECTION D - PROCESSING SERVICES AND FACILITIES MANAGEMENT

QU:6 Are you currently subcontracting/planning to subcontract responsibility for the management of some (or all) of your data processing facilities?

If NO - Could you please briefly explain why you consider that subcontracting the management of your processing facilities is an inappropriate strategy for your organisation?

QU:6 a) Could you please briefly outline your plans for subscontracting the management of processing facilities over the next couple of years?

Disaster Recovery ☐

Risk Management ☐

Processing Centre Back-Up ☐

Temporary Management of DP Facilities ☐

Other, write in ______________________________

QU:7 Which two companies do you regard as being the most competent (potential) suppliers for the management of your data processing facilities?

Ranking 1 ______________________________

2 ______________________________

QU:8 Which three companies do you regard as being the most competent suppliers of processing services in general?

Ranking 1 ______________________________

2 ______________________________

3 ______________________________

NB For Section D check the following list:

Arthur Andersen
CAP Group
CCF
CMG
Data Networks
EDS
Hoskyns
GEISCO
DPCE
Others ____________________

IBM
Istel
DEC
NMW
Rolfe and Nolan
Scicon
Systems Designers
Datasolve (Thorn EMI)
Sherwood
ADP

QU:9 Who are your prinicipal suppliers of computer hardware?

IBM	☐
DEC	☐
Unisys	☐
Tandem	☐
ICL	☐
HP	☐
NCR	☐

Other, write in ______________________________

____

SECTION D - SOFTWARE PRODUCTS

QU:10 Are you currently making/planning to make investments in high value applications software products?

If NO, Why do you feel that the purchase of high value applications software products is an inappropriate strategy for your organisation?

____

____

____

QU:11 Which three companies do you regard as offering the best applications products for your business?

Ranking 1 ______________________________
2 ______________________________
3 ______________________________

QU:12 From which two companies would you expect the highest quality of product support?

Ranking 1 ______________________________
2 ______________________________

NB For Section E please check from the following list:

Arthur Andersen
BIS (Nynex)
CAP Group
CCF
CMG
EDS
Hoskyns
IBM
CitiCorp

Others ____________________
____

Logica
Rolfe & Nolan
Scicon
Systems Designers
Hogan
Sherwood
Sterling Software
Computer Associates (Uccel)
Deloitte Haskins & Sells
Price Waterhouse
American Management Systems

SECTION E - GENERAL MARKETING

QU:13 Of all potential suppliers of computer services which three companies do you regard as having the best knowledge of your industry/business?

Ranking 1 ______________________________

2 ______________________________

3 ______________________________

QU:14 Which three companies, in your experience, have the highest visibility in the market?

Ranking 1 ______________________________

2 ______________________________

3 ______________________________

QU:15 Overall, which three companies do you regard as being the highest quality suppliers of computer services?

Ranking 1 ______________________________

2 ______________________________

3 ______________________________

WE APPRECIATE YOUR COOPERATION IN OUR SURVEY AND WILL SEND YOU A COPY OF THE EXECUTIVE SUMMARY OF OUR RESEARCH FINDINGS.

APPENDIX B

LIST OF ORGANISATIONS INTERVIEWED

NAME OF ORGANISATION	CUSTOMER STATUS	TYPE OF ORGANISATION
Bank of Scotland	E	RB
Henderson Crosthwaite	E	SB
Lloyds Corporation	E	IS
Lombard North Central	E	FM
National & Provincial Building Society	E	BS
National Westminster	E	RB
North West Securities	E	FH
Royal Bank of Canada	E	OB
Standard Chartered Bank	E	MB
Britannia Building Society	R	BS
Chartered Trust	R	FH
Diners Club UK	R	CC
J P Morgan Investment Management	R	MB
Lloyds Bowmaker	R	FH
Manufacturers Hanover	R	OB
Northern Rock Building Society	R	BS

NAME OF ORGANISATION	CUSTOMER STATUS	TYPE OF ORGANISATION
Allied Dunbar	P	IC
Charterhouse Bank	P	MB
Equity & Law	P	IC
Friends Provident	P	IC
Panmure Gordan	P	SB
Pearl Assurance	P	IC
Phillips & Drew	P	SB
N M Rothschild	P	MB
Saudi International Bank	P	OB
Savoury Milln	P	SB
Standard Life	P	IC
Stock Beech	P	SB
Sun Alliance	P	IC
Union Discount	P	DH

KEY

CUSTOMER STATUS

E = Existing or Recent Customer
R = Recent Customer
P = Potential Customer

TYPE OF ORGANISATION

BS = Building Society

CC = Card Company

FH = Finance House

IC = Insurance Company (Life/Non-Life)

IS = Insurance Syndicate

MB = Merchant Bank

OB = Overseas Bank

RB = Retail Bank

SB = Stockbroker

DH = Discount House

CUSTOMER ASSESSMENT OF
COMPUTER SERVICES SUPPLIERS
- A MARKET SURVEY FOR CAP GROUP

OBJECTIVES

To investigate the perceptions of senior decision makers within financial organisations with regard to leading vendors of computer services.

In particular to evaluate their perceptions of the CAP Group as a company in comparison with other competitive organisations such as EDS, Hoskyns, Logica, SD etc.

SCOPE

The study will be restricted to the banking and financial services sector of the UK.

It will be restricted to senior managers within these organisations who have major responsibility for purchasing data processing services and systems, in excess of £500,000 in contract value.

The study will address five key areas of vendor capability, namely:

- Systems Development
- Facilities Management
- Software Products
- Industry Knowledge and Marketing
- Overall Quality

It is anticipated that the study will be based on 30 completed interviews randomly selected from the target market sector. Approximately one-half of these interviews will be with organisations that have used CAP Group's services to some extent in the recent past.

METHODOLOGY

INPUT will prepare a questionnaire which will be approved by CAP Group. CAP Group will furnish a list of at least 150 organisations in the target sector that have been CAP Group users to some extent in the recent past.

The 30 interviews will be completed by telephone, with the target group of senior data processing decision makers.

The completed questionnaires will be analysed and a report written to evaluate the major research findings.

RESPONSIBILITY

The project manager for this study will be Mr Peter Lines, an INPUT Principal Consultant and INPUT's European Research Manager.

FEE AND SCHEDULE

The fee for the project, as specified, will be £4,500 (exc VAT). One half of the fee £2,250 (exc VAT) will be due and payable upon authorisation. The remainder upon project completion.

INPUT would, assuming authorisation by CAP Group before the end of December 1987, be able to commence work on this study from 4 January 1988 and complete delivery of the study report in draft form by the end of January 1988.

CONFIDENTIALITY

The project would be proprietary to CAP Group and INPUT would not identify CAP Group as the sponsor of the research without CAP Groups' express permission.

CUSTOMER ASSESSMENT OF
COMPUTER SERVICES SUPPLIERS
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FEE AND SCHEDULE

The fee for the project, as specified, will be £4,500 (exc VAT). One half of the fee £2,250 (exc VAT) will be due and payable upon authorisation. The remainder upon project completion.

AUTHORISATION

To authorise this study, please sign below as appropriate.

Thank you for letting us be of service to you.

AUTHORISED FOR CAP GROUP		AUTHORISED FOR INPUT	
Name	....	Name	....
Position	....	Position	....
Date	....	Date	....

APPENDIX D

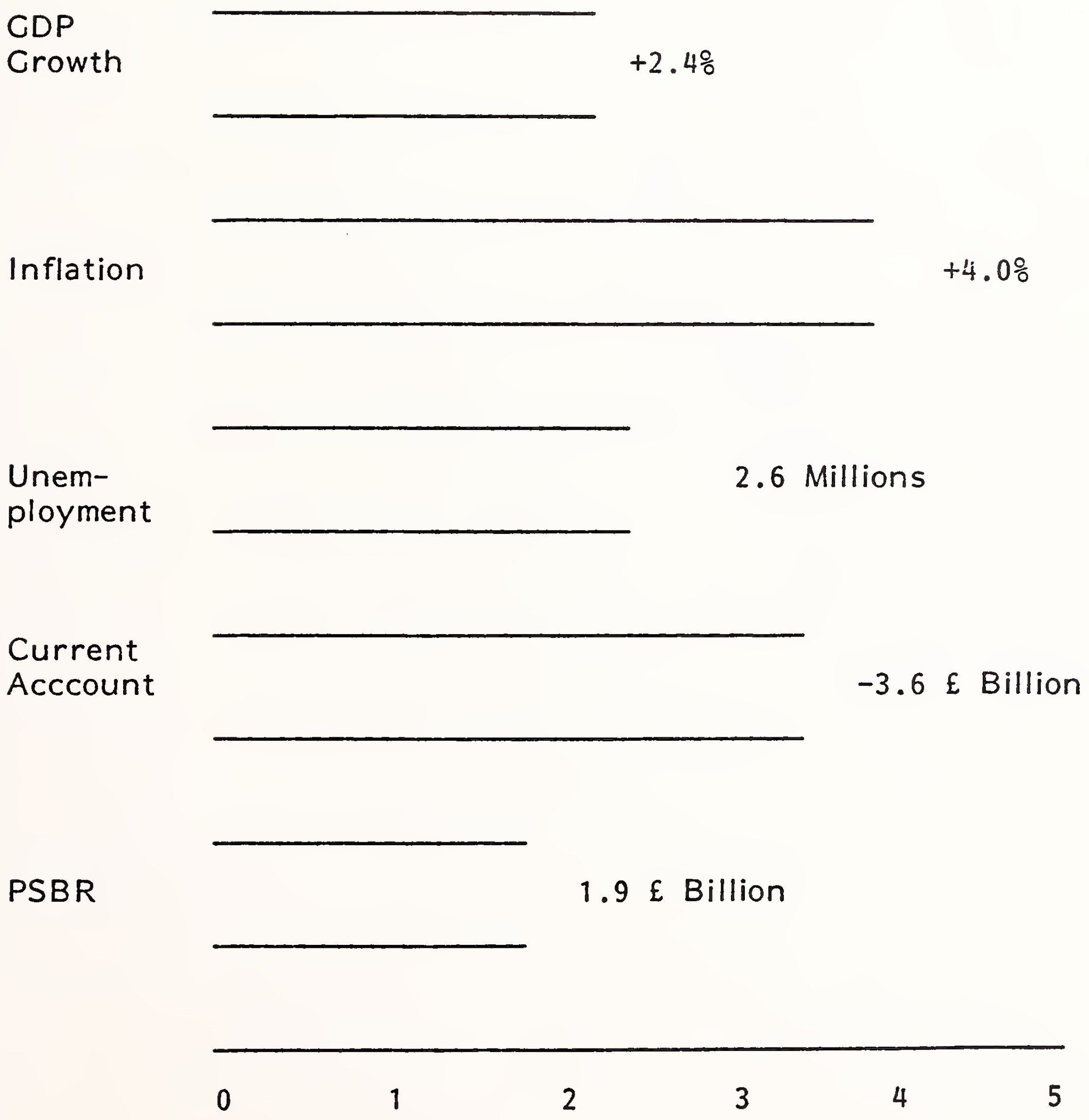
REDUNDANCIES IN LONDON SINCE THE CRASH

(October 1987 to January 1988)

ORGANISATION	JOB LOSSES
E.F. HUTTON	300
GREENWELL MONTAGU	200
COUNTY NATWEST	165
SHEARSON LEMAN	150
SALOMON BROS	150
ROYAL BANK OF CANADA	150
CHEMICAL BANK	150
MERRILL LYNCH	150
HONG KONG SHANGHAI	120
FIDELITY INVESTMENT SERVICES	100
CITICORP	85
L.F. ROTHSCHILD	65
SHEPPARDS	60
WOOD MAC/HILL SAMUEL	55
CREDIT SUISSE BUCKMASTER MOORE	35
OTHER MAJORS	100+
TOTAL	2000+

APPENDIX E

FORECASTS OF ECONOMIC INDICATORS FOR THE UNITED KINGDOM - 1988



NB The above forecasts are averages of 11 independent forecasts

Source: Treasury